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Canada's Government Helps Consumers Make Informed Financial Decisions

The Honourable Jim Flaherty, Minister of Finance, is releasing for public comment regulations for banks issuing principal protected notes (PPNs) to improve disclosure for consumers.

"Markets work best when consumers have the information they need to make informed financial decisions," said Minister Flaherty. "A principles-based approach to disclosure is the best way to achieve this result in a rapidly evolving, innovative marketplace."

The regulations deliver on a commitment set out in *Creating a Canadian Advantage in Global Capital Markets*, which was released in March 2007, to introduce a new disclosure regime for PPNs.

PPNs offer investors potential returns linked to—but not necessarily the same as—the performance of an underlying investment, such as a market index or a commodity. Issuers guarantee that investors will receive no less than the principal amount they invested when the PPN matures.

In recent years, the growth in variety and complexity of PPNs has raised concerns about whether current disclosure regulations ensure consumers get enough information to make informed decisions.

The proposed regulations intend to ensure that consumers are informed of the fees, returns, risks and cancellation and redemption rights associated with PPNs. They also require ongoing disclosures after a PPN is sold to aid consumers in monitoring and tracking their investments.

The regulations will be available in the *Canada Gazette* to be released tomorrow.

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